

full

The **TWELFTH ANNUAL REPORT**


TO THE *Shareholders*

**BIG
NAMA CREEK
MINES LIMITED**



**FOR THE YEAR
ENDED DECEMBER 31**

1965



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**AUTHORIZED
CAPITALIZATION**

\$5,000,000.00 divided into 5,000,000 shares of the par value of \$1.00 each.

DIRECTORS

M. J. BOYLEN, D.C.L., D.Sc. - - - Toronto 18, Ontario.
PHILIP E. BOYLEN - - - - - Toronto 18, Ontario.
GORDON L. MOORE - - - - - Islington, Ontario.
DAVID W. GORDON, F.C.I.S. - - - - Toronto, Ontario.
CHARLES B. BRANNIGAN - - - - Toronto 16, Ontario.

OFFICERS

M. J. BOYLEN, D.C.L., D.Sc. - - - - - *President*
DAVID W. GORDON, F.C.I.S. - - - - - *Vice-President*
GORDON L. MOORE - - - - - *Secretary-Treasurer*
CHARLES B. BRANNIGAN - - - - - *Assistant Treasurer*

HEAD OFFICE

908-330 Bay Street - - - - - Toronto, Ontario.

**TRANSFER AGENT
AND REGISTRAR**

GUARANTY TRUST COMPANY OF CANADA
366 Bay Street, Toronto, Ontario.

AUDITORS

SNYDER, CRAIG & CO.
Chartered Accountants
330 Bay Street, Toronto, Ontario.

Directors' Report

To the Shareholders:

Your Directors present for your consideration the Twelfth Annual Report of the Company, including a copy of its balance sheet and related financial statements for the year ended December 31st, 1965, and the Report of the Auditors.

YORK HARBOUR (NEWFOUNDLAND) — PROPERTIES:

The York Harbour Property of the Company comprises an area of one square mile and is held under a Mining Grant in Fee Simple issued by the Government of the Province of Newfoundland. Exploration and development work previously carried out on this property established indicated ore bodies totalling an estimated 218,000 tons, grading 2.63% copper and 8.25% zinc. The favourable rock containing the partially developed ore has been explored only to shallow depths. The lateral and downward extensions probably contain similar ore making possibilities.

A feasibility study on the property carried out late in 1964 indicated that it would be advantageous for the Company to re-open the mine. The decision to resume exploration and provide access to the known ore for further mining was accordingly made by your directors in the early part of 1965. The new programme provides for an adit to be driven along the favourable contact to a point beyond the previously discovered ore zones. Preparations to set up suitable camp facilities to accommodate the driving of an adit some 6,000 feet in length was initiated in July, 1965. The portal of the new adit is located some distance outside the property boundary of the Company's Fee Simple Mining Grant and, to provide for the adit, the exploration rights covering an additional area were obtained from the Government of Newfoundland.

The new area is held under a Mining Concession granted to the Company for a period of five years from April 1st, 1966, and comprises 3.5 square miles. Provided the Company fulfills its obligations as set forth in the Concession Agreement, the Company may select from the reserved area an area, or areas not exceeding one square mile in the aggregate, and the Government of Newfoundland shall issue a development licence under the Crown Land (Mines and Quarries) Act 1961, or at any time during the subsistence of such development licence, the Company may apply for a mining lease covering all or any part of the area covered by such development licence.

The portal site to the adit is established at an elevation of 125 feet above sea level and is about 100 feet off the main Corner Brook-York Harbour highway. The known ore zones were previously explored by an adit the portal site of which is located at a higher elevation in the side of the mountain. The new adit, designed to intercept the lower extensions of the known ore zones some 600 feet below the original adit, was advanced 2,101 feet as at July 2nd, 1966. It is expected the heading will be in ore country by late summer although the basalt-greenstone contact could be productive at any point in the 6,000 foot length. Where intersected in the adit cross-cut, 1,000 feet from the portal, it was heavily mineralized with pyrite and carried low values in copper and zinc. It is proposed to diamond drill this contact at regular intervals as the adit heading advances.

Camp facilities have been established and plant equipment and supplies are arriving at the property on schedule. A concentrator, that will have an installed capacity of about 300 tons per day, has been purchased and is stored on the property ready for construction later on this year should such a move be dictated by the speed of mine development. This mill will enable the Company to salvage the ore presently outlined at a profit, however, should additional ore be developed at the adit level it will probably require enlargement beyond its rated capacity. As chances of outlining additional ore at this lower elevation are believed to be excellent it has been recommended to management that the final decision in regard to start of mill construction be deferred until some exploratory diamond drilling has been completed from the adit.

MANITOUWADGE (ONTARIO) PROPERTY:

The Manitouwadge property of the Company comprising thirteen patented mining claims was leased to Willroy Mines Limited by agreement dated July 2nd, 1963, for a term of 20 years renewable for two additional terms of 10 years each. The agreement provides that Willroy Mines Limited, which Company owns an adjoining property in its own right, will perform such exploration and development work as required to determine the occurrence of a mineable ore body, the period of exploration and development being limited to the time of such determination or to July 31st, 1966, whichever occurs first.

Your Company is now informed that Willroy Mines Limited has completed, as agreed, a drift heading from its main shaft to the south-east corner of the Big Nama Creek Mines Limited property and that it intends, given proper economic conditions, to prepare and mine the known ore on this property. In the meantime feasibility studies are being carried on to determine the most economic method of developing and mining the ore with the view of treatment in the mill of Willroy Mines Limited.

LITHIUM PROPERTY — BEARDMORE, ONTARIO:

The Beardmore property held by the Company, consisting of 36 mining leases comprising an area of 813.19 acres situated in the Beardmore area of the Province of Ontario, is maintained in good standing. A considerable amount of work was completed on this property during prior years made up of surface diamond drilling, and underground development consisting of shaft sinking to a depth of 503 feet and the cutting of stations at the 150, 300 and 450 foot horizons. The surface diamond drilling programme outlined 4,292,332 tons of ore grading 1.06% Li_2O to a depth of 1,000 feet. No additional exploration or development work was carried out on this property during the past year.

GENERAL:

To provide the funds required to continue driving the adit at York Harbour and to diamond drill the contact, as above set out, and to retire in full the present bank loans, the Directors propose to raise \$400,000. through the creation, issue and sale of 6½% Convertible Debentures of the Company. These will be dated as of July 15th, 1966 and will mature on July 15th, 1971 and will bear interest at 6½%, payable half yearly. The Debentures will be secured by a first floating charge on all of the Company's assets, and they will be convertible, until maturity, into fully paid shares of the Company, at the rate of two shares for every \$1 principal amount of Debentures. An agreement has been made, date of June 21st, 1966, with Houston & Company Limited, a member of the Toronto Stock Exchange, acting for its client Lanson Holdings Limited of Toronto, whereby, subject to the creation and issue of the Debentures, and the agreement itself being approved by the shareholders at the forthcoming meeting, Houston & Company Limited will purchase all of the Debentures. Debentures in the principal amount of \$200,000. will be purchased on July 31st, of this year, and the remaining \$200,000. of Debentures must be purchased within 30 days of notice from the Company, in instalments not exceeding \$50,000, and in any event, not later than July 31st, 1967. Your approval of both of these matters will enable the Company to carry on with its present programme at York Harbour, Newfoundland.

Respectfully submitted,

On behalf of the Board of Directors,

M. J. BOYLEN,
President.

Toronto, Ontario,
July 11th, 1966.

BIG NAMA CREEK MINES LIMITED

BIG NAMA CREEK

(Incorporated under the laws of the Province of Ontario)

Balance Sheet—

(With comparative figures for 1964)

ASSETS

	1965	1964
CURRENT:	\$	\$
Cash	20,828	21,100
Accounts receivable	1,127	—
Prepaid expenses	2,294	403
	<u>24,249</u>	<u>21,503</u>
INVESTMENTS:		
Shares of other mining companies having a quoted market value, at cost (Quoted market value \$99,157; 1964 — \$92,310)	75,719	75,719
Other mining company shares, at cost	9,150	9,150
	<u>84,869</u>	<u>84,869</u>
MISCELLANEOUS:		
5% Notes receivable from Beauce Placer Mining Co. Ltd. due December 17th, 1966 and accrued interest (Note 1)	72,264	42,315
Materials and supplies, at cost	38,841	18,424
	<u>111,105</u>	<u>60,739</u>
FIXED:		
Valued at cost		
In the Province of Ontario, District of Thunder Bay, Port Arthur Mining Division:		
13 Patented mining claims in the Manitouwadge Lake Area (Note 2)	63,736	63,736
36 Mining leases in the Beardmore Area	408,696	408,696
Buildings	175,961	261,561
Equipment	122,407	125,191
In the Province of Newfoundland:		
1 Fee Simple mining grant at York Harbour, District of Humber (Note 3)	281,872	281,872
Buildings	2,021	—
Equipment	95,380	—
	<u>1,150,073</u>	<u>1,141,056</u>
DEFERRED EXPENDITURE:		
Mine development and administrative expenses	1,008,393	896,607
	<u>2,378,689</u>	<u>2,204,774</u>

Submitted with our Report to the

MINES LIMITED

(In accordance with the laws of Ontario)

December 31st, 1965

(Figures for 1964)

LIABILITIES

CURRENT:

	1965	1964
Accounts payable and accrued liabilities	\$ 38,708	\$ 2,579

SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Authorized:

5,000,000 shares of \$1 par value \$5,000,000

Issued:

1,789,252 shares (Note 4)	1,789,252	1,289,252
Less: Discount thereon	(942,972)	(647,972)
	<u>846,280</u>	<u>641,280</u>

CONTRIBUTED SURPLUS:

Surplus arising on re-organization	1,822,904	1,822,904
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DEFICIT:

Balance, beginning of year	(261,989)	(261,989)
Add: Loss on sale of equipment	(67,214)	(—)
Balance, end of year	<u>(329,203)</u>	<u>(261,989)</u>
	<u>2,339,981</u>	<u>2,202,195</u>

THE NOTES ATTACHED FORM AN INTEGRAL PART OF THESE
FINANCIAL STATEMENTS

Approved on behalf of the Board:

M. J. BOYLEN, Director.

G. L. MOORE, Director.

2,378,689

2,204,774

Shareholders dated May 31st, 1966.

SNYDER, CRAIG & CO.,

Chartered Accountants.

SNYDER, CRAIG & CO.

CHARTERED ACCOUNTANTS

CABLE ADDRESS "JNOCRAIG"
TELEPHONE EMPIRE 6-9444

330 BAY STREET

TORONTO

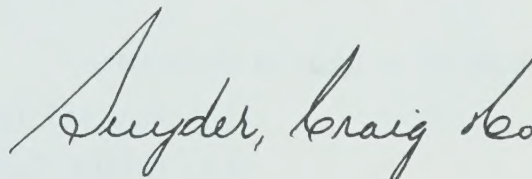
CANADA

To the Shareholders of
BIG NAMA CREEK MINES LIMITED,
Toronto, Ontario.

We have examined the Balance Sheet of Big Nama Creek Mines Limited as at December 31st, 1965 and the Statements of Mine Development Expenses and Source and Application of Funds for the year ended on that date, and the Notes to the Financial Statements. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

No physical count of materials and supplies at the company's mining property near Beardmore, Ontario has been made since 1962 but a full-time watchman is maintained at this property. We have made no independent verification of this asset representing \$18,424 of the materials and supplies shown on the Balance Sheet.

Subject to the above limitation and the contingency referred to in Note 1, in our opinion the attached Balance Sheet and Statements of Mine Development and Source and Application of Funds and the Notes to the Financial Statements present fairly the financial position of the company as at December 31st, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants.

May 31st, 1966.

BIG NAMA CREEK MINES LIMITED

Notes to Financial Statements

December 31st, 1965

5% NOTES RECEIVABLE:

1. Payment of these notes will be contingent upon either receipt of funds by Beauce Placer Mining Co. Ltd. through refinancing or the sale of fixed assets, or as to part payment, by the exercise by Big Nama Creek Mines Limited of its option to purchase 76,666 shares of Beauce Placer Mining Co. Ltd. at 10¢ per share. The option must be exercised by December 17th, 1966.

WILLROY AGREEMENT:

2. Under an agreement dated July 2nd, 1963, Big Nama Creek Mines Limited leased its 13 claims in the Manitouwadge Lake Area to Willroy Mines Limited for a term of 20 years and renewable for two additional terms of 10 years each. The agreement provides that Willroy will mine the ore on the property and that Big Nama Creek will receive 50% of the net profits after the recovery by Willroy of certain of its costs of exploration and development.

EXPLORATION AGREEMENT:

3. Under an agreement dated April 1st, 1966, the Government of Newfoundland granted Big Nama Creek Mines Limited the right to explore an area of approximately 3.5 square miles adjoining its Fee Simple Mining Grant at York Harbour, Newfoundland. The agreement is for a term of five years and requires the expenditure of \$100,000 in prospecting and exploration during the period. The agreement is subject to ratification by the Newfoundland legislature.

CAPITAL STOCK ISSUED:

4. Under an agreement dated March 26th, 1965, Houston & Co., on behalf of a client, purchased 500,000 shares of the company's capital stock for \$205,000 and on January 7th, 1966, a further 100,000 shares for \$45,000. The agreement was subsequently terminated.

Statement of Mine Development Expenses

For the year ended December 31st, 1965

	\$	\$
Balance, January 1st, 1965		896,607
Administration	11,418	
Adit driving	52,620	
Mine overhead	28,188	
Roads	17,926	
Surveys	1,634	111,786
		<u>1,008,393</u>
Balance, December 31st, 1965		

Statement of Source and Application of Funds

For the year ended December 31st, 1965

SOURCE OF FUNDS:	\$	\$
Issue of capital stock	205,000	
Sale of fixed assets	21,170	226,170
		<u>226,170</u>
APPLICATION OF FUNDS:		
Advances to Beauce Placer Mining Co. Ltd.	29,949	
Increase in materials and supplies	20,417	
Mine development expenses	111,786	
Purchase of fixed assets	97,401	259,553
		<u>259,553</u>
Resulting in a decrease in working capital		(33,383)
Working capital, beginning of year		18,924
Working capital, end of year		<u>(14,459)</u>

